

**New Hampshire Department of Revenue Administration  
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE  
TIR 2014-004 Date September 8, 2014**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Tax Services at (603) 230-5920.

**New Hampshire 2014 Legislative Session in Review**

The purpose of this Technical Information Release (TIR) is to provide taxpayers and tax practitioners with a convenient reference guide of relevant statutory changes made during the 2014 Legislative Session by the New Hampshire General Court impacting various taxes administered by the New Hampshire Department of Revenue Administration (DRA). This TIR is for informational purposes only and is intended to provide a summary or synopsis of enacted legislation. It is not intended to be relied upon as full and complete text or as a substitute for the actual State law. Please refer to the applicable statute and rules to determine how this information applies to specific persons or situations.

**BUSINESS TAX:**

**Senate Bill 243** (Chapter 192:1, Laws of 2014) amends RSA 77-A:5, X to clarify that any unused Business Enterprise Tax (BET) credit from taxable periods ending on or after December 31, 2014 may be carried forward for 10 years from the taxable period in which it was paid.

*Effective: July 1, 2014 at 12:01 a.m. and shall apply to taxable periods ending on or after December 31, 2014.*

*Amended: RSA 77-A:5, X.*

**Senate Bill 327** (Chapter 139, Laws of 2014) amends Chapter 263:176, X, Laws of 2007 (as amended by Chapter 311:1, Laws of 2010) to extend the availability of economic revitalization zone tax credits under RSA 162-N until 2020 and allows for the issuance of unclaimed credit amounts in subsequent years under RSA 162-N:5.

*Effective: August 15, 2014.*

*Amended: Amend 2007, 263:176, X as amended by 2010, 311:1 and RSA 162-N:5.*

**House Bill 1531** (Chapter 28, Laws of 2014) establishes a Joint Committee on Tax Expenditure Review to review all qualifying tax expenditures on a rotating basis every five years in order to recommend continuance, amendment or repeal of relevant provisions. In addition, this law repeals RSA 77-A:5-a, relative to the annual Tax Expenditure Report by the DRA and creates a new annual Tax Expenditure and Potential Liability Report by the DRA under RSA 71-C:4.

*Effective: May 23, 2014.*

*Amended: New Chapter RSA 71-C and repeal RSA 77-A:5-a.*

### **MEALS AND RENTALS TAX:**

**Senate Bill 265 (Chapter 109, Laws of 2014)** makes technical corrections to update RSA 78-A:26, II, relative to the disposition of Meals and Rentals Tax revenue, by removing references to prior fiscal years 1995, 1996 and 1997 and correcting a reference to a subparagraph.

*Effective: June 11, 2014.*

*Amended: RSA 78-A:26, II.*

**Senate Bill 300 (Chapter 76:2, Laws of 2014)** changes the deadline for the DRA to determine the cost of administration of the Meals and Rentals Tax from October 1<sup>st</sup> of each year to September 15<sup>th</sup> of each year for purposes of revenue distribution by Treasury.

*Effective: July 26, 2014.*

*Amended: RSA 78-A:26, I.*

### **MEDICAID ENHANCEMENT TAX:**

**Senate Bill 369 (Chapter 158:1-9, 11 and 19, Laws of 2014 )** amends the definitions under RSA 84-A:1 by removing “specialty hospitals for rehabilitation” from the definition of “hospital,” clarifying the definition of “net patient revenue services;” and adding a definition for “inpatient hospital services” and “outpatient hospital services.” In addition, the new law reduces the current tax rate of 5.5% to 5.45% in 2016 and to 5.4% in 2017. In 2018 and beyond, the tax rate is 5.4% unless the total aggregate uncompensated care for hospitals with both a critical and noncritical designation falls below \$375,000,000, at which point the rate shall be 5.25%. It also requires the payment of the tax and filing of the tax return on or before April 15<sup>th</sup> in the taxable period; and requires every hospital to make a non-binding estimate of its projected payment to the DRA by January 15<sup>th</sup>. The new law requires the DRA to submit a report to the Fiscal Committee of the General Court, on or before September 30, 2014, regarding the details of the reporting plan for the withholding of payments by DHHS for hospitals with past due MET payments as required by RSA 84-A:3, II, as inserted by Section 6 of this act. Moreover, the DRA and the Department of Health and Human Services are required to submit a report to the Fiscal Committee of the General Court, no later than October 1, 2018, recommending adjustments to the Uncompensated Care Program that reflect funding levels at no less than those provided by this act for fiscal year 2019.

*Effective: Section 1 is effective on July 1, 2014 and applies to the taxable period ending June 30, 2014 and to every taxable period thereafter;*

*Sections 2-4, 9 and 11 are effective June 30, 2014 and applies to taxable periods beginning on or after July 1, 2013;*

*Sections 6-8 are effective July 1, 2014; and*

*Sections 5 and 19 are effective June 30, 2014.*

*Amended: RSA 84-A:1, III, IV-a and VI, RSA 84-A:2, RSA 84-A:3, RSA 84-A:4, and RSA 84-A:5, I; inserts new paragraphs RSA 84-A:1, III-a and IV-b; and inserts new sections RSA 84-A:14 and RSA 84-A:15 .*

### **REAL ESTATE TRANSFER TAX:**

**Senate Bill 243 (Chapter 192:2, Laws of 2014)** allows for written examples in rulemaking relative to taxable and nontaxable real estate transactions.

*Effective: September 9, 2014.*

*Amended: RSA 78-B:8, I.*

### **TOBACCO TAX:**

**Senate Bill 243 (Chapter 192:4-7, Laws of 2014)** clarifies that sub-jobbers, vending machine operators, retailers or anyone else who is not licensed under RSA Chp. 78 or licensed under RSA Chp. 178 shall not sell, offer for sale, display for sale, ship, store, import, transport, carry, or possess with or without the intent to sell any tobacco products without the proper documentation of tax paid; and clarifies that any tobacco products without the proper documentation of tax paid shall be declared contraband goods and subject to forfeiture to the State. In addition, the new law clarifies that cigarettes in packs of 20 and 25 are stamped and tobacco products other than cigarettes in packs of 20 or 25 may be exempt from affixing stamps.

*Effective: September 9, 2014.*

*Amended: RSA 78:12, II, RSA 78:14, RSA 78:16, I and RSA 78:18.*

### **RSA CHAPTER 21-J ADMINISTRATIVE:**

**Senate Bill 243 (Chapter 192:3, Laws of 2014)** amends RSA 21-J:14, V to allow for the disclosure of Department records, files, or returns to the United States Department of Justice in accordance with compacts for the exchange of information between the Department and the United States Department of Justice, but only for the purpose of, and to the extent necessary in, the administration and enforcement of RSA 541-C and RSA 541-D relative to the tobacco Master Settlement Agreement.

*Effective: September 9, 2014.*

*Amended: New section RSA 21-J:14, V(g).*

**Senate Bill 369 (Chapter 158:10, Laws of 2014)** amends RSA 21-J:33-a, I, to add a penalty for the substantial understatement of Medicaid Enhancement Tax (RSA Chp. 84-A) equal to 25% of the amount of any underpayment attributable to such understatement.

*Effective: June 30, 2014.*

*Amended: RSA 21-J:33-a, I.*

**Senate Bill 386 (Chapter 78:1-4, Laws of 2014)** amends RSA Chapter 21-J to: 1) authorize returns, declarations, or other documents containing monetary values filed with the DRA be prepared by rounding to the nearest whole dollar; 2) allow a reasonable charge for “indirect” associated costs in providing training to municipal employees; 3) remove the lien requirement and taxpayer demonstration of inability to pay for Installment Payment Agreements; and 4) refine the Refund Report required by statute for the Joint Legislative Fiscal Committee.

*Effective: May 27, 2014.*

*Amended: New section RSA 21-J:3, XXX and amend RSA 21-J:24-a, IV(b), RSA 21-J:43 and RSA 21-J:45.*

### **MISCELLANEOUS ADMINISTRATIVE:**

**Senate Bill 386 (Chapter 78:5, Laws of 2014)** transfers for the biennium ending June 30, 2015, the appropriation for the expenditure of Low and Moderate Income Homeowners Property Tax Relief grants (hardship grants) under RSA 198:57 from the Department of Education budget to the DRA budget. The new law authorizes the DRA to create a new accounting unit and expenditure class as required and deemed necessary and appropriate for the expenditure of Low and Moderate Income Homeowners Property Tax Relief grants under RSA 198:57.

*Effective: May 27, 2014.*

*Amended: N/A*

**House Bill 1282 (Chapter 300:6 & 7, Laws of 2014)** appropriates the sum of \$542,672 from the \$1,112,377.74 settlement agreement dated January 17, 2014 under the Merrimack River flood control compact to the DRA. This appropriation is in addition to any other appropriations to the DRA and the remainder of the settlement moneys shall lapse to the general fund. In addition, the Governor is authorized to draw a warrant for the purpose of reimbursing the towns for the Massachusetts shares of the Merrimack River flood control compact and the Connecticut River flood control compact for state fiscal year 2012.

The DRA is required to distribute the moneys in the manner prescribed in RSA 122:4, I.

*Effective: August 1, 2014.*

*Amended: N/A*

***Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.***